

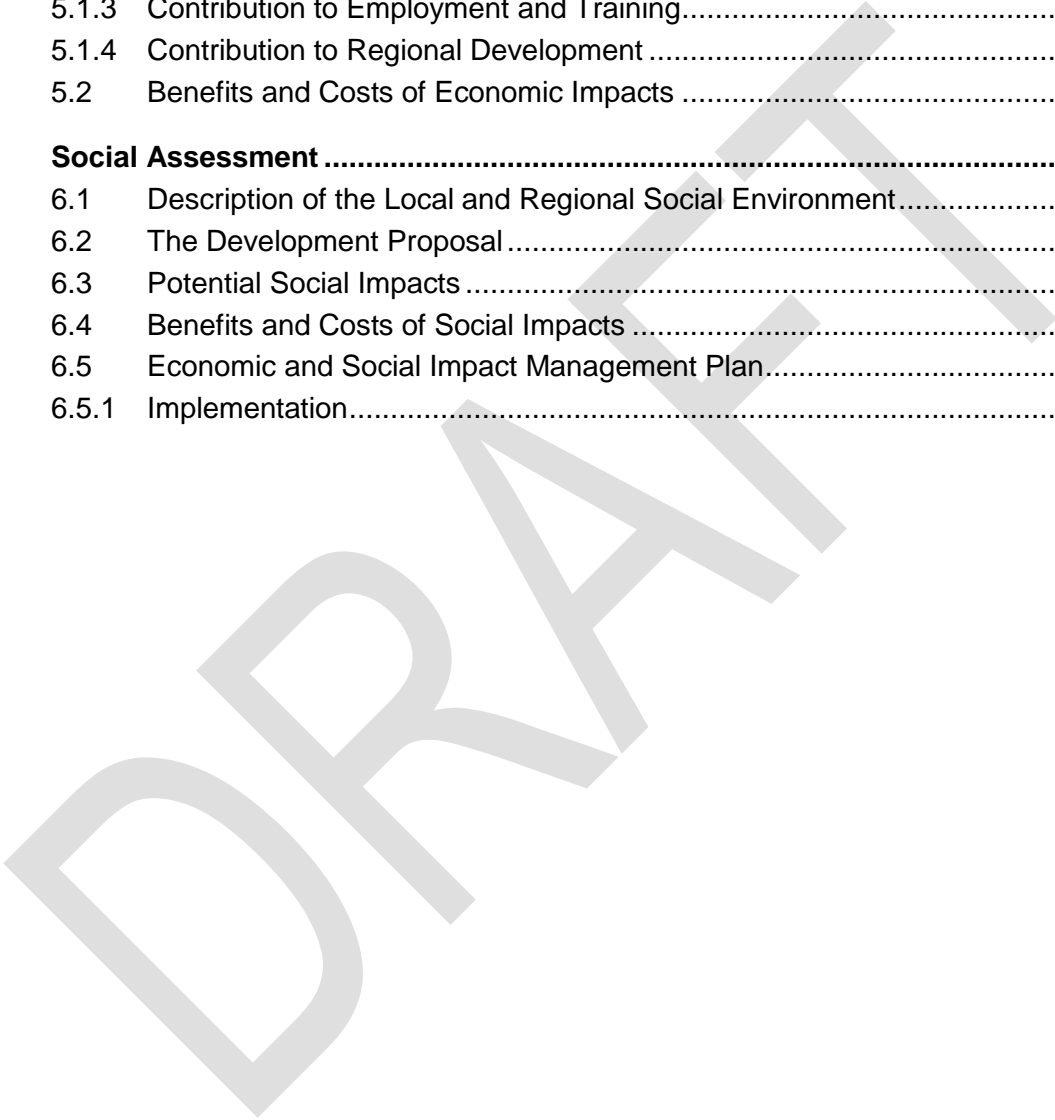
**GUIDELINES FOR THE PREPARATION OF AN  
ECONOMIC AND SOCIAL IMPACT ASSESSMENT**

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# 1 Introduction

The Northern Territory is preparing for a period of significant change stimulated by the commencement of large infrastructure projects and ongoing opportunities in the energy and minerals sectors. All developments bring change and change inevitably cause positive and/or negative impacts on the Territory and regional economies, and the social well-being of the population. Accelerated development places a premium on provision of accurate and comprehensive impact assessment and where appropriate mitigation of project specific economic and social risks.

There is strong industry support for a 'social licence to operate' as a complement to regulatory approvals issued by government. A 'social licence to operate' is about operating in a manner that aligns with community expectations and acknowledges that businesses have a shared responsibility with government and society to help facilitate development of strong and sustainable communities.

Economic and social impact assessment is an essential part of environmental impact assessment in the Northern Territory. The *Environmental Assessment Act* (EA Act) defines 'environment' as 'all aspects of the surroundings of man including the physical, biological, economic, cultural and social aspects.' These guidelines provide a basis for proponents to prepare assessments of the economic and social impacts of development proposals, and accompanying economic and social impact management plan as part of Public Environmental Reports or Environmental Impact Statements developed under the EA Act. Proponents should develop assessments commensurate with the scale and complexity of their proposals.

## 2 Objectives of the Guidelines

These Guidelines provide advice to proponents on the Northern Territory Environment Protection Authority's (NT EPA) expectations for the assessment and management of economic and social impacts of development projects assessed under the EA Act.

Adherence to these Guidelines will assist in achieving the following objectives:

- to document the economic and social impacts of a proposed development on the locality and region
- to mitigate negative economic and social impacts on the locality and region
- to encourage development of new and/or expansion of existing businesses in the locality
- to foster sustainable development and community wellbeing.

## 3 Legislative Requirements

Environmental Impact Assessment may involve assessments and approvals in relation to matters regulated under a range of Northern Territory and Commonwealth legislation. Relevant legislation includes that listed below. The list is indicative of matters related to economic and social assessment. It is not exhaustive.

Proponents should carefully review projects to determine legislated requirements relevant to particular projects.

The legislation listed has been used in developing these Guidelines.

- *Environmental Assessment Act*
- *Northern Territory Environment Protection Authority Act*

## 4 Limitations

This Guidance is:

- confined to generic matters relating to economic and social assessment and does not address more proposal-specific issues that may be of significance;
- not an instrument for predicting outcomes of deliberations by the NT EPA;
- designed to promote a more certain and consistent approach to assessments; and
- intended to apply to proposals prior to the proponent submitting the proposal to NT EPA for environmental assessment.

*The Northern Territory Environment Protection Authority (NT EPA) has prepared this document in good faith, exercising all due care and attention, but no representation or warranty, express or implied, is made as to the relevance, completeness or fitness for purpose of this document in respect of any particular user's circumstances. Users of this document should satisfy themselves concerning its application to their situation and, where necessary, seek expert advice.*

## 5 Economic Assessment

Assessment of the economic impacts of a proposed development should include material as listed under each of the following headings.

### 5.1 Description of the Project and Northern Territory and Regional Economies and Potential Impacts

Provide background information on the following.

#### 5.1.1 Contribution to the NT and Australian Economy

- estimated total project revenue for the planned project duration (to provide the economic scale of the project)
- expected project duration
- value of any value-adding in the NT and Australia
- estimated overall tax and royalty payments, showing the NT proportion, if available
- expected value of exports and any imports
- estimated capital expenditure for the whole project, identifying construction cap ex
- expected annual operational expenditure, showing the proportion in the NT
- impacts if any of neighbouring businesses or projects (costs and benefits)
- any overall direct and indirect economic impact data if available
- specific regional resources, constraints and opportunities
- historical and current economic trends in the Territory/regional economy including projects being developed or to be developed in the near future
- previous resources or other major development in the region and their effects including long and short term incomes and employment, business development, and estimates of lost and gained opportunities and landscape services e.g. reduction in the quality of the water supply.

#### 5.1.2 Contribution to Business Development

- expected value of NT/Australian business supply and service participation during construction and operations

- Contribution through an agreed industry participation plan if required (usually required for all projects over \$5m in value which receive 'substantial' NT government assistance).

### 5.1.3 Contribution to Employment and Training

- expected direct and indirect project employment during construction and operations
- estimated workforce/contractor numbers by occupational classification if available
- overall employment training proposed during commencement, construction and operations
- planned Indigenous employment, training and other project participation
- expected level of overseas recruitment

### 5.1.4 Contribution to Regional Development

- value of the proposed Community Benefit arrangements (already included)
- estimated overall regional economic benefits
- other contributions to local communities, including Indigenous traditional owners
- community value of any residuals infrastructure, such as roads, camps, lakes, etc

## 5.2 Benefits and Costs of Economic Impacts

At a minimum the economic assessment should use standard risk assessment procedures (AS/NZS ISO 3100:2009) to document risks and provide measures as appropriate for the avoidance, mitigation, and management of economic impacts to:

- maximise economic benefits
- minimise economic costs.

Residual impacts on the Territory and if possible regional economies should be identified.

## 6 Social Assessment

Social assessment is to be based on consultation with and involvement of the community. This is to be achieved through interviews and meetings with potentially affected groups including residents, landholders, particular industry participants and interest groups, service providers and government agencies. Consultation should preferably be conducted by a social impact assessment specialist independent of proponent participation. Consultation should cover project construction, operational and decommissioning phases, and consequences of land use change. Reference to the Public Participation Spectrum which can be found at <http://www.iap2.org.au/documents/item/84>, can also be useful to determine the appropriate level of community involvement for a project.

Assessment of the social impacts of a proposed development should include material as listed under each of the following headings.

### 6.1 Description of the Local and Regional Social Environment

The proponent should document the local and regional communities in terms of:

- population density and distribution
- demography and social characteristics
- Native Title holder/Traditional Owner groups
- other landholders

- towns and residential communities
- transience e.g. tourist numbers and distribution of visitation over the year
- major industries, sources of income and employment
- community infrastructure and services
- housing availability and affordability
- community cohesion and inclusion, patterns of social interaction and social foci
- places appreciated/used for cultural, recreational and aesthetic reasons
- attitudes to the project held by various socio-economic groups.

## 6.2 The Development Proposal

At a minimum the social assessment should document:

- recruitment policy
- likely additions to the population
- demographic characteristics of the additional population
- accommodation arrangements for the additional population
- services to be provided to the additional population by the proponent.

## 6.3 Potential Social Impacts

The social assessment should use standard risk assessment procedures (AS/NZS ISO 31000:2009) to document potential positive and negative impacts on local and regional residents and communities in terms of:

- safety
- employment opportunities
- training opportunities
- housing availability and affordability
- amenity
- service provision e.g. public transport, road networks, health services, education, police services
- recreational and cultural opportunities
- community cohesion and inclusion.

## 6.4 Benefits and Costs of Social Impacts

The assessment should provide measures as appropriate for the avoidance, mitigation, and management of social impacts to:

- maximise social benefits
- minimise social costs.

Residual impacts on the local and regional communities should be identified.

## 6.5 Economic and Social Impact Management Plan

The Economic and Social Impact Management Plan (ESIMP) establishes the roles and responsibilities of the proponent, government, stakeholders and the community in mitigating and managing economic and social impacts, and making the best of opportunities throughout the life of a project.

At a minimum, the ESIMP should include:

- an overall summary of the ESIMP

- stakeholder engagement strategies that have occurred and will continue throughout the life of the project
- prioritisation of potential economic and social impacts predicted in the Economic and Social Impact Assessment (ESIA)
- mitigation and management strategies for the identified risks including a register of agreed activities and commitments
- monitoring, reporting and review mechanisms
- mechanisms to resolve new and emerging issues as they transpire and amend the ESIMP
- a communications strategy.

#### **6.5.1 Implementation**

An ESIMP is action focussed, and records mitigations for potential negative effects, as well as activities to capitalise on potential benefits. There should be clear allocation of roles and responsibilities, including statement of commitments where ever possible.

Unresolved matters should be articulated and included in the mitigation table of the final ESIMP. The ESIMP should contain activities needed to resolve issues and develop mitigation strategies. Actions nominated to resolve issues should be accompanied by progress measures and timeframes in the ESIMP, and be reported on as project implementation proceeds.

The ESIMP is to include an ongoing process for the community or stakeholders to express concerns about economic and social impact issues throughout the project. This may be incorporated into existing policies, procedures and mechanisms to respond to disputes, grievances and complaints. The process should support an active response to concerns raised. Issues raised and how they were resolved is to be included in reporting processes to the responsible agency.